

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 SCEM-02 NEA-10 OMB-01 INT-08

AID-20 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01

NSC-10 SS-20 STR-08 CEA-02 L-03 H-03 DODE-00 PA-04

USIA-15 PRS-01 PM-07 EUR-25 DRC-01 /210 W

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R 260910Z NOV 73

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 9692

INFO AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

LIMITED OFFICIAL USE SINGAPORE 4559

E.O. 11652: N/A

TAGS: PFOR, ENRG, SN EGEN

SUBJECT: SINGAPORE ECONOMIC DEVELOPMENT - GLOOMY PREDICTION BY
PRIME MINISTER LEE

1. PRIME MINISTER LEE KWAN YEW SOUNDED UNCHARACTERISTICALLY
PESSIMISTIC NOTE REGARDING SINGAPORE'S GROWTH OUTLOOK IN
SPEECH ON SATURDAY, NOV 24. SPEAKING AT DEDICATION OF
LOCAL COMMUNITY CENTER, LEE FEARED THAT ARAB OIL CUTBACK
WOULD REDUCE PRODUCTION IN JAPAN, WESTERN EUROPE AND US
CAUSING TOTAL WORLD TRADE TO GO DOWN. HE SAID THIS HAS
"ALREADY JEOPARDIZED ECONOMIC GROWTH PROSPECTS FOR 1974
FOR EVERYONE, INCLUDING SINGAPORE. THESE PROBLEMS HAVE
BEEN SPRUNG UPON THE WORLD UNEXPECTEDLY. AND EVEN
REGARDLESS OF ARAB OIL CUTBACKS THE WORLD ALREADY FACES
STEEP INCREASES IN THE PRICE OF OIL, ALREADY UP BY 70
PERCENT. THIS WILL ALTER THE TRENDS IN INDUSTRIALIZATION AND
DEVELOPMENT ALL OVER THE WORLD."

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2. HE SAID, "NOBODY CAN PREDICT HOW LONG IT WILL TAKE

....TO NEGOTIATE A JUST AND DURABLE PEACE. IT MAY
TAKE FROM SIX MONTHS TO TWO OR MORE YEARS. A
PROLONGED CONTINUATION OF THE ARAB OIL CUTBACK,
PARTICULARLY IF THE VOLUME OF THE CUTBACK IS INCREASED,
WILL INCREASE THE DANGERS OF AN ECONOMIC RECESSION TURNING
INTO A WORLDWIDE DEPRESSION. THIS CARRIES GRAVE
CONSEQUENCES FOR THE WHOLE WORLD."

3. COMMENT: GLOOMY PREDICTIONS ABOUT JAPAN'S AND OTHER'S FUTURE
GROWTH IN LIGHT OF THE OIL CUTBACKS, HAVE RECEIVED
PROMINENT PUBLICITY IN NEWS MEDIA HERE. REPORTEDLY,
LEE VOICED UNCHARACTERISTIC PESSIMISM IN RECENT MEETINGS
SINCE OIL CUTBACK BEGAN.

4. AFTERNOON ENGLISH DAILY NEW NATION CARRIED EDITORIAL NOV
26 SAYING SINGAPORE FACES ONE OF ITS WORST CRISES IN EIGHT
YEARS OF INDEPENDENCE. DEEPENING OIL CRISIS COULD UNDO WHAT SINGAPORE
HAS ACHIEVED SINCE 1965. EDITORIAL SAYS SUPPLY OF CRUDE
OIL TO FIVE REFINERIES HAS BEEN REDUCTED 10 PERCENT BY ARAB
DECISION. ALTHOUGH GOS AND NEW NATION CONFIDENT SINGAPORE'S
CAMPAIGN TO SAVE FUEL STOCKS WILL BE SUCCESSFUL ; PRICE INCREASES
ARE EXPECTED TO FEED ALREADY APPARENT INFLATION HERE.
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